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C O N F I D E N T I A L SECTION 01 OF 02 USNATO 000374

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SUBJECT: USNATO SCENESETTER FOR DEPUTY SECRETARY LEW

Classified By: A/Political Advisor Brian Greaney. Reasons: 1.4 (b) AND (d).

¶1. (C/NF) You are visiting NATO at a time when the new NATO Secretary General, Allies, and non NATO partners are refining mission priorities and reviewing current resource commitments to align with planned commitments. The new NATO Secretary General, Anders Fogh Rasmussen, is setting an ambitious schedule for the Alliance for the next twelve months. His goal is to steer the Alliance into a more strategic and decision making body. Rasmussen,s new approach to the Alliance is very directive and, seemingly, less welcoming to advice and discussion from the Council. In response, many Allies have taken a "wait and see" approach with his new leadership style. The new Secretary General continues to have broad U.S. government support, both personally and for institutional reform at NATO. Afghanistan, a new NATO Strategic Concept, and NATO Headquarters Reform are high on Rasmussen,s agenda and three areas on which to focus your discussions at NATO. This visit is an opportunity for you to engage with senior NATO leadership and share U.S. perspectives on Alliance civilian and military resources. In response to your request, a review of USNATO operations and resources is also included.

Afghanistan

¶2. (C/NF) Afghanistan remains NATO,s number one priority. NATO leads the UN-mandated International Security Assistance Force (ISAF), which includes 41 Allies and non-NATO partners contributing almost 37,000 troops. U.S. troops in ISAF and Operation Enduring Freedom total nearly 62,000. ISAF partners lead 14 of 26 PRTs, and have pledged over \$11.9 billion in development funds since 2001. The new NATO Training Mission - Afghanistan (NTM-A) will stand-up in September and facilitate greater Allied contributions to training Afghan forces. Allies and ISAF partners have fielded 57 Operational Mentoring and Liaison Teams and pledged nearly \$350 million to NATO,s ANA Trust Fund to sustain the Afghan Army. ISAF partners have suffered nearly 540 combat deaths; the U.S. has suffered close to 800.

¶3. (C/NF) The next 12-18 months is a critical time period for the Alliance to demonstrate visible, measurable progress to both their domestic publics and their political leadership. Afghan election results are expected in the next few weeks along with the results of the ISAF Commander General Stanley McChrystal,s 60-day assessment of the current Afghanistan strategy. Both will be reviewed by Allies this month. The report will prompt the Alliance to review its military, civilian, and financial commitments in Afghanistan. The elections will call for a renewed international compact between the new Afghan government and international partners, as well as a strategic look forward in Afghanistan. The U.S. will look to the Alliance to increase its share of the overall burden at a time when many in the Alliance already

struggle to maintain current commitments.

NATO Strategic Concept

14. (C/NF) The Strategic Concept, last updated in 1999, is the authoritative statement of the Alliance's objectives; once revised, it will define NATO's role in meeting the security challenges of the twenty-first century. On August 3, Rasmussen announced the composition of a group of experts to advise him in drafting the Strategic Concept. The Secretary General asked the USG nominee, former Secretary of State Madeleine Albright, to chair this twelve-person group. On September 4, 2009, the Secretary General and the group of experts will meet with the NAC to discuss the process leading to NATO's new Strategic Concept. The group will participate in four seminars between now and early 2010 aimed at reviewing NATO's core tasks, crisis management role, partnerships, and capabilities. This reflection phase will be followed by a consultation phase where, in addition to the Secretary General, the experts group will spend a few months conducting consultations in Allied capitals before submitting a report to the Secretary General in April 2010. Rasmussen will draw on their findings in drafting the new Strategic Concept for agreement by Heads of State and Government at the next NATO Summit in late 2010.

NATO Headquarters Reform

15. (C/NF) In response to an increasingly complex and changing security environment, NATO has transformed itself by

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taking on new missions and members. Internally, however, NATO still functions more like a Cold War relic than a nimble crisis manager, with too many nations defending too many rice bowls. Rasmussen has indicated a desire to aggressively reform the way NATO conducts its business. Specifically, our goal is to empower him with "CEO-like" authorities to move around budgets and people to meet changing NATO priorities. Beyond initial considerations of efficiency and cost-effectiveness, reform must also involve investment in NATO's future. NATO recently projected a shortfall of 70 million (about \$100 million) for NATO's civil budget - the smallest of NATO's three budgets - over the next five years.

16. (C/NF) The U.S. has been open to a real increase in the Civil budget in an effort to ensure adequate resources, but key Allies are loathe to provide even a modest real budget increase (above inflation). NATO's three budgets (Civil, Military and Infrastructure) total approximately \$3 billion, with the U.S. contributing approximately 22 percent. The U.S. support to the Civil budget comes from the Contributions to International Organizations account; the Department of Defense funds the Military and Infrastructure budgets. NATO will need a significant infusion of additional resources, improved common funding arrangements, and enhanced training and capabilities to achieve Alliance goals over the next decade and remain a preeminent security forum. Allies need to revisit their current Zero Real Growth policies and find ways to invest in its future.

USNATO Operations and Resources

17. (C/NF) USNATO has civilian personnel from the Department of State, Defense, and Homeland Security (DHS), as well as military personnel from all services, integrated together into one single organization responsible only to the Ambassador. The Mission's direct management support is led by the Management Counselor who oversees operational support responsibilities for approximately 160 mission personnel, 200 Americans on the NATO International Staff, and 7,000 annual official visitors, all managed by a Deputy and five Team

Chiefs. The Management staff utilizes two administrative support organizations in Brussels -- the Joint Administrative Services (JAS) and the U.S. Army Garrison (USAG) Brussels. JAS is a Department of State administrative services organization which exists to support the Embassy, USNATO, and USEU and other non Chief of Mission entities through ICASS. USAG BENELUX is an Army organization set up to support DOD personnel assigned to NATO, SHAPE, and other agencies within the BENELUX area. JAS and USAG provide services to all U.S. government employees in Brussels and USNATO utilizes their support for NATO Ministerials.

18. (C/NF) The USNATO Management Staff prepares and executes the State and Defense operating budgets for the Mission. The Defense Department has faced funding shortages since FY 05 and the future looks equally bleak. USNATO submits annual operating budget requests to State and Defense and uses the funds they allot to USNATO to finance the Mission's daily operations.

19. (C/NF) In mid 2010, NATO is scheduled to break ground in the construction of the new permanent Alliance Headquarters, which should be completed in mid-2015. The Alliance has been in temporary and increasingly inadequate space since 1966. Our Mission will work to ensure that key funding, construction, and security deadlines are met to facilitate the timely and safe completion of the new building. USNATO will also work with the Departments of State, Defense, and Homeland Security to plan and budget for the USNATO Mission space within the new HQ and divide the cost equitably. The U.S. contribution to the new NATO HQ is also an area of concern. The total contribution required to date is \$22.9 million Euros. Over the next five years, the following financial contributions will be required for the building shell and HQ common space, independent of USNATO internal fit out costs; 2010 will require 37.7 million Euros, 36.5 million Euros for 2011, 37.7 million Euros for 2012, 50.6 million Euros for 2013, and 57.4 million Euros for 2014.

110. (C/NF) The U.S. will have an additional assessment of approximately \$82 million for fit out of USNATO mission space within the new HQ. Department of State's Overseas Building Office is taking the lead in the overall management of the design and construction of the fit out in the U.S. space in the new NATO HQ.
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